BEFORE THE HARYANA ELECTRICITY REGULATORY COMMISSION AT PANCHKULA

Case No. HERC/Petition No. 11 of 2026
Date of Hearing : 04.06.2026
Date of Order : 05.06.2026

In the Matter of
Petition under Section 86(1)(b) and Section 63 of the Electricity Act, 2003 read with Haryana Electricity Regulatory Commission (Conduct of Business) Regulations, 2019 seeking source approval along with Power Purchase Agreement (PPA) and adoption of tariff for procurement of 495 MW solar power from seven no. Solar Power Developers, who have participated in RfS no. 123/HPPC/Solar/LTP-III/500MW/T-2 floated by HPPC for procurement of 500 MW solar power by setting up of plant with Haryana dated 11.09.2025, at the tariff from Rs.2.86/kWh to Rs.2.97/kWh discovered through tariff based competitive bidding conducted by HPPC in line with bidding guidelines for procurement of Solar power by Distribution licensees issued by Ministry of Power.

Petitioner
Haryana Power Purchase Centre, Panchkula (HPPC)

Present on behalf of the Petitioner
1. Mr. Raghujeet Madaan, Advocate
2. Ms. Aerika Singh, Advocate
3. Mr. Lovepreet Singh, Advocate
4. Mr. Gaurav Gupta, Xen, HPPC

Quorum

Shri Nand Lal Sharma	**Chairman**
Shri Mukesh Garg	**Member**
Shri Shiv Kumar	**Member**

ORDER

Brief Background of the case

1. The present petition has been filed by HPPC, a joint forum of Haryana Distribution licensees for power purchase/trading, seeking source approval, adoption of tariff and approval for execution of the Power Purchase Agreements (PPAs) for procurement of 495 MW solar power from the seven number solar power developers (to be developed in the State of Haryana) at a tariff ranging from Rs. 2.86 per kWh to Rs. 2.97kWh discovered through tariff based competitive bidding.

2. **HPPC's submissions: -**

2.1. That the Petitioner- HPPC has been mandated to procure power from the Renewable Energy Sources as per the provisions of Section 86(1)(e) of the Electricity Act, 2003

and in terms of the Haryana Electricity Regulatory Commission (Terms and Conditions for determination of Tariff from Renewable Energy Sources, Renewable Purchase Obligation and Renewable Energy Certificate) Regulations, 2010. Section 63 of the Electricity Act, 2003 provides that the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government-

"Notwithstanding anything contained in Section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Govt."

2.2. That Section 86(1)(b) of the Electricity Act 2003 provides that the State Commission shall discharge the following functions, namely –

"regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State."

2.3. That the Ministry of Power, Government of India, has notified the Solar Guidelines titled 'Guidelines for tariff based competitive bidding process for procurement of power from Grid connected Solar PV Power projects' under Section 63 of the Act vide Resolution No.27/01/2023-RCM on 28.7.2023.and subsequent amended dated 17.11.2023,02.02.2024 and 12.02.2025. The salient features of the Guidelines are as under:

a) The Guidelines are applicable for the procurement of power from grid connected solar PV power projects, with or without Energy Storage, through tariff based competitive bidding to be conducted by 'Procurer', which includes distribution licensees, or the Authorized Representative(s), or Intermediary procurers;

b) Bids shall be invited in Power Capacity (MW) terms specifying the total quantum to be contracted by the Procurer. The bidder can quote for a part of the total quantum to be procured by the Procurer. The bid evaluation parameter shall be the tariff per unit supply of solar power fixed for the entire term of the PPA. Maximum of 50% of total capacity can be allocated single bidder.

d) The procurement of power - shall be in power (MW) terms. The range of the Capacity Utilization Factor (CUF) will be indicated in the bidding documents.

e) The Draft PPA proposed to be entered into with the successful bidder and the draft PSA, if applicable, shall be issued along with the RfS. Standard provisions

to be incorporated as part of the PPA shall include, inter-alia, the PPA Period, Power Procurement, Payment Security Mechanism (PSM), Force Majeure, Generation Compensation for off-take Constraints, Event of default and consequences thereof, and Change in Law and shall be provided for, on back-to-back basis, in the PSA.

f) The adequate payment security shall be provided as per the Electricity (Late Payment Surcharge and Related Matters) Rules, 2022 including amendments and clarification, if any, thereof, issued from time to time.

g) The PPA shall be signed with the successful bidder/ project company or an SPV formed by the successful bidder.

h) The distribution licensee or the Intermediary Procurer, as the case may be, shall approach the Appropriate Commission for the adoption of the tariffs discovered, in terms of Section 63 of the Act.

2.4. That the present Petition is being filed seeking approval of the Hon'ble Commission for setting up of Solar Photovoltaic Grid Interactive Power Station to be established in the State of Haryana, which shall include land, buildings, plant, machinery, ancillary equipment, material, switch-gear, transformers, protection equipment, bay(s) for transmission system in the switchyard, dedicated transmission line up to the Delivery Point i.e. substation and all the other assets and the materials necessary to deliver the electricity generated by the Project to HPPC. The factual conspectus of the Projects selected for approval of the Hon'ble Commission is set out hereunder –

2.5. On 14.08.2025, an agenda was placed before SCPP in its 85th meeting for procurement of RE Power within the State of Haryana. Considering the need for promotion of solar power and the associated benefit of balancing the distribution of load from peak hours to day time off peak hours, the Steering Committee for Power Planning (SCPP) in its 85th meeting decided to procure 500 MW of Solar Power with a minimum capacity 5 MW from any single generator to be set in the State of Haryana through tariff based competitive bidding. In compliance with the decision of SCPP, Request for Selection ('RfS') document along with Power Purchase Agreement ('PPA') were prepared based on the prevalent MoP guidelines for procurement of solar power, by distribution licensees. While the broad framework of the RfS and PPA was aligned with the MoP guidelines, certain project-specific deviations were consciously incorporated in the draft documents in order to safeguard the interests of the procurer as well as to ensure bankability and commercial viability for the prospective

developers, without compromising the principles of transparency, competitiveness and fairness in the bidding process. The SCPP decided as under:

"*SCPP considered the agenda and decided to float the tender for procurement of 500MW solar power for a minimum capacity of 5MW and above, to be quoted by single solar power developer and also to remove category block as mentioned in the RfS dated 29.01.2025"*

2.6. That in line with the decision taken by the SCPP in its 85th meeting, HPPC floated the tender for procurement of 500 MW Solar Power, with a minimum capacity of 5 MW from a single solar power developer, to be set up within the State of Haryana, through tariff based competitive bidding vide RfS No. 123/HPPC/Solar/LTP-III/500MW/T-2 dated 11.09.2025. The said RfS was issued strictly in accordance with the Standard Bidding Guidelines notified by the Ministry of Power for procurement of solar power by distribution licensees and was aimed at ensuring a transparent, competitive and fair bidding process for discovery of the most economical tariff. The RfS invited participation from eligible solar power developers for setting up grid-connected solar photovoltaic projects within Haryana and for supply of power under long-term arrangements. The last date for submission of bids under the said RfS was fixed as 10.10.2025, thereby providing adequate opportunity to all interested and eligible bidders to participate in the competitive bidding process.

2.7. That in response to the aforesaid RfS, a total of fifteen (15) bids were received from various solar power developers quoted capacities ranging from 5 MW to 200 MW. The details of the bidders along with their quoted capacities were duly placed before the bid evaluation Committee for scrutiny in accordance with the terms and conditions of the RfS. Upon detailed examination of the documents submitted by the bidders, the Evaluation Committee found that out of the fifteen (15) bidders, two bidders, namely M/s Mohlay Energies Pvt. Ltd. and M/s V.K. Constructions Co., did not fulfill the prescribed financial eligibility criteria as stipulated under the RfS document and were accordingly declared as non-qualified. Consequently, the remaining thirteen (13) bidders were declared technically qualified and eligible for further participation in the bidding process.

2.8. That accordingly, after obtaining approval of management, the financial bids of the thirteen (13) technically qualified bidders were opened and the e-Reverse Auction (e-RA) was conducted on 23.12.2025 through the online portal in a transparent and

competitive manner. The comparative statement of the quoted tariffs vis-à-vis the tariffs discovered after e-RA clearly demonstrates that substantial tariff reduction was achieved through the auction process, thereby fulfilling the fundamental objective of tariff based competitive bidding, namely, discovery of the most economical and market-driven tariff for procurement of solar power. The entire process of opening of financial bids and conduct of e-RA was carried out strictly in accordance with the provisions of the RfS, ensuring fairness, transparency and equal opportunity to all participating bidders.

2.9. That further, in accordance with the outcome of the e-Reverse Auction, the final tariff discovered for each of the technically qualified bidders is tabulated below, reflecting the tariff reduction achieved through the competitive process and serving as the basis for allocation of capacity under the RfS:

S. No	Name of Company	Project Capacity (MW)	Quoted Tariff (Rs/kWh)	Tariff Discovered after e-RA (Rs/kWh)
1.	Waaree Foreever Energy Pvt. Ltd.	140	3.51	2.86
2.	SPS Solarmax Pvt. Ltd.	10	4.21	2.87
3.	SAEL Industries Ltd.	200	3.15	2.88
4.	Sindhu Farms Pvt. Ltd.	100	3.20	2.89
5.	Galo Energy Pvt. Ltd.	20	3.97	2.93
6.	ADM Solar Infra Pvt. Ltd.	10	4.50	2.95
7.	Ultravibrant Solar Energy Pvt. Ltd.	15	2.97	2.97
8.	Ramsons Organic Ltd.	5	3.40	3.40
9.	Hexa Climate Solution Pvt. Ltd.	70	3.49	3.49
10.	Suntric Green Energy Pvt. Ltd.	10	3.99	3.99
11.	Agarwal Fuel Energy Pvt. Ltd.	50	4.00	4.00
12.	Oriana Power Ltd.	100	4.10	4.10
13.	JBM Renewable Pvt. Ltd.	70	4.50	4.50

2.10. That the final tariffs so discovered formed the basis for determination of the order of merit and selection of successful bidders in terms of Clause 4.4 of the RfS document titled “Selection of Successful Bidders”, which governs the manner in which capacity is to be allocated in ascending order of discovered tariff up to the total tendered capacity of 500 MW. The above tabulated outcome reflects the merit-based ranking of bidders in ascending order of the tariff discovered and forms the basis for determination of successful bidders under Clause 4.4 of the RfS, titled “Selection of Successful Bidders”. The relevant clause of the RfS is reproduced hereunder for ready reference of the Hon’ble Commission:

*“**4.4 Selection of Successful Bidders.***

4.4.1 ; After the discovery of lowest tariff, capacity offered by the L-1 bidder will be allocated first, then the following procedure will be followed for allocation of the remaining capacity on the basis of bucket filling.

Capacity quoted by L-1 bidder at lowest rates shall be allocated first, then the capacity quoted by the next lowest bidder (Called L2 bidder) & so on, ***at the rates quoted by them may be allocated, if their final tariff falls within a 5% from the tariff quoted by the L-1 bidder****"*

2.11. That from the above clause of the RfS, it is evident that a cumulative quantum of 495 MW is to be allocated to the solar power developers whose discovered tariffs fall within 5% of the tariff discovered for the L-1 bidder, i.e., M/s Waaree Foreever Energy Pvt. Ltd., which stands at Rs. 2.86/kWh. In line with this provision, the bids of the technically qualified developers were analyzed, and it was observed that seven (7) bidders meet the eligibility criterion of having tariffs within 5% of L-1 tariff. Accordingly, the allocation of capacity to these eligible bidders, along with their quoted tariffs and tariffs discovered after the e-Reverse Auction, is tabulated below:

S. No	Name of Company	Project Capacity (MW)	Quoted Tariff (Rs/kWh)	Tariff Discovered after E-RA (Rs/kWh)
1	Waaree Fore ever Energy Pvt. Ltd.	140	3.51	2.86
2	SPS Solar max Pvt. Ltd.	10	4.21	2.87
3	SAEL Industries Ltd.	200	3.15	2.88
4	Sindhu Farms Pvt. Ltd.	100	3.20	2.89
5	Galo Energy Pvt. Ltd.	20	3.97	2.93
6	ADM Solar Infra Pvt. Ltd.	10	4.50	2.95
7	Ultra vibrant Solar Energy Pvt. Ltd.	15	2.97	2.97

2.12. That in view of the foregoing factual background and in continuation of the entire transparent and competitive bidding process undertaken by HPPC, the present petition is being filed by the Petitioner seeking source approval along with approval of the Power Purchase Agreements (PPAs) for procurement of 495 MW solar power from the abovesaid seven no. solar power developers and adoption of the tariffs discovered ranging from tariff from Rs.2.86/kWh to Rs.2.97/kWh whose tariffs falls within 5% of the tariff quoted by L-1 bidder. The Petitioner further seeks approval for execution of PPAs with the aforesaid successful bidders at the tariffs discovered after the e-RA, in accordance with Clause 4.4 of the RfS No. 123/HPPC/Solar/LTP-III/500MW/T-2 dated 11.09.2025 and in compliance with the applicable regulatory framework. The present petition is thus being preferred for adoption of tariff and grant of necessary approvals by this Hon'ble Commission to enable timely execution of PPAs and procurement of

solar power from the projects to be set up within the State of Haryana, in furtherance of the State's renewable energy targets and in the larger public interest.

2.13. That the salient terms & conditions of the PPA are reproduced hereunder for the ready reference:-

I. "***Article 2.1 Term of Agreement****:*

This Agreement shall become effective upon the execution and delivery thereof by the Parties hereto and unless terminated pursuant to other provisions of the Agreement, shall continue to be in force for such time until the completion of a period of 25 years (Twenty Five) from the Commercial Operation Date of the Project. This Agreement may be extended for a further period on mutually agreed terms and conditions at least one hundred eighty (180) days prior to the Expiry Date subject to approval of HERC."

II. ***"Article 3.1.2 CUF Limits:***

i. ***Criteria for Generation:*** *The Successful Bidder will declare the annual CUF of their Project at the time of submission of response to RfS, which shall be allowed to be modified until 1 year from Commercial Operation Date of the project. Thereafter, the CUF for the Project shall remain unchanged for the entire term of the PPA. The declared annual CUF shall, in no case, be less than 21%. The annual CUF will be calculated every year from 1st April of the year to 31st March next year.*

It shall be the responsibility of the SPD, entirely at its cost and expense to install such number of Solar panels and associated equipment (including arrangement of extra land for such installation) as may be necessary to achieve the required CUF, and no additional cost is to be claimed in this regard from HPPC. For this purpose, SPD shall make its own study and investigation of the GHI (Global Horizontal Irradiance) and other factors prevalent in the area which have implication on the quantum of generation. SPS shall maintain generation so as to achieve CUF in the range of ± 10% their declared value during the entire duration of PPA i.e. 25 years from the COD of the plant

ii. ***Shortfall in Generation:*** *If for any Contract Year, it is found that the SPD (Solar Power Developer) has not been able to generate and supply minimum energy corresponding to the value of annual CUF within the permissible lower limit of CUF SPD will be liable to pay to the procurer, penalty for the shortfall in availability of energy. The amount of such penalty will be equal to 1.5 times PPA*

tariff for the shortfall in energy terms, in accordance with terms of the PPA. This compensation shall be applied to the amount of shortfall in generation during the Contract Year. However, this compensation shall not be applicable in events of Force Majeure identified under the PPA with HPPC, affecting supply of solar power by the SPD.

iii. ***Excess Generation:*** *In case the generation is over and above 10% of declared annual CUF, the Solar Power Developer will be free to sell it to any other entity provided first right of refusal will vest with the HPPC and in case the HPPC purchases the excess generation, the same shall be done at the PPA tariff. The Solar Power Developer shall ascertain, well in advance, the availability of such excess generation, and shall intimate the same to HPPC at least 30 days prior to the proposed date of commencement of excess generation. HPPC shall thereafter, within a period of 15 days of receiving the above offer from the SPD, intimate its decision on the purchase of such excess energy. In the event the offer of the SPD is not accepted by HPPC within the said period of 15 days, such right shall cease to exist and the SPD, at its sole discretion, may sell such excess power to any third party.*

However, in case generation is higher than the contracted capacity and causes disturbance in the system at the point where power is injected, the SPD will have to forego the excess generation and reduce the output to the rated capacity and shall also have to pay the penalty/charges (if applicable) as per applicable regulations / requirements / guidelines of HERC/SLDC or any other competent agency.

iv. ***Re-powering:*** *SPD at its own cost and responsibility will be free to repower their Plant(s) from time to time during the PPA duration without any liability on HPPC. However, HPPC will be obliged to buy power only within the range of CUF specified in the PPA. Any excess generation shall be dealt as per the PPA.*

III. "***Article 3.1.3 Grid Connectivity:***

i. The SPD shall be required to obtain all information/approvals from Discoms/HVPNL (as the case may be) and concerned authority with regard to the Interconnection Facilities, necessary to enable it to design, install and operate Plant and all interconnecting apparatus/ equipment on the SPD's side of

the Delivery Point to enable delivery of electricity at the Interconnection/ Metering/Delivery Point.

ii. *The SPD shall be responsible for getting the grid connectivity and long term access (LTA) from Discoms/HVPNL, as the case may be, at its own cost. For interconnection with the grid and metering, the SPD shall abide by the applicable Grid Code, Grid Connectivity Standards, Regulations on Communication System for transmission of electric power and other regulations (as amended from time to time) issued by Appropriate Commission and Central Electricity Authority (CEA).*

iii. *The responsibility of getting connectivity with the transmission system up to interconnection /Metering/Delivery point shall be entirely of the SPD at its own cost. The transmission of power up to the point of interconnection where the metering is done for energy accounting shall also be the responsibility of the SPD at its own cost. The maintenance of Transmission system up to the interconnection /Metering/Delivery point shall be the responsibility of the SPD at it's own cost. However, capital maintenance/major overhaul of the Generating Facility shall not be scheduled in "Paddy Season" i.e. 15th June to 15th October of any year.*

iv. *The entire cost of transmission including cost of construction and O&M of line, interconnection facilities, any other charges, losses etc. from the Project up to the Interconnection/ Metering/Delivery Point shall be borne by the SPD and the same will not be reimbursed by HPPC. In case of non- availability of Grid and Transmission System during Term of this Agreement, for reasons not attributable to the SPD, the provisions of Article 3.4 shall be applicable….."*

IV. ***"Article 3.4 Generation Compensation in Off take Constraints:***

3.4.1 Generation Compensation in Off take Constraints Due to Grid Unavailability Beyond Delivery Point

During the operation of the plant, there can be some periods where the plant can generate power but due to temporary transmission unavailability beyond Delivery Point the power is not evacuated, for reasons not attributable to the SPD. In such cases the generation compensation shall be addressed by HPPC in following manner:

Duration of Grid Unavailability beyond Delivery Point	***Provision for Generation Compensation***
Grid unavailability beyond Delivery Point in a contract year beyond 175 hours as defined in the PPA:	*Generation Compensation = (Tariff X solar power (MW) offered but not Scheduled by Procurer) X 1000 X No. of hours of grid unavailability. However, in case of third-party sale or sale in the power exchange, as price taker, the 95% of the amount realized, after deducting expenses, shall be adjusted against the generation compensation payable, on monthly basis.*

3.4.2 Payment in case of reduced off take

a. *SPD and HPPC shall follow the forecasting and scheduling process as per the regulations in this regard by the HERC. In case, plant is available to supply power but off take of power is not done by procurer including non-dispatch of power due to non-compliance with "Electricity LPS rules,2022 notified by MoP dated 03.06.2022 its amendment/clarification, considering the principle of must run status for RE power except where the Breakdown is on account of events like consideration of grid security or safety of any equipment or personnel or other such conditions, the SPD shall be eligible for a Generation Compensation, from HPPC, limited in the manner detailed below:-*

Reduced off take	***Provision for Generation Compensation***
Reduced off take beyond 175 hours in a years	*Generation Compensation = (Tariff X solar power (MW) offered but not Scheduled by Procurer) X 1000 X No. of hours of reduced offtake. However, in case of third-party sale or sale in the power exchange, as price taker, the 95% of the amount realized, after deducting expenses, shall be adjusted against the generation compensation payable, on monthly basis.*

b. *The Generation Compensation is to be paid as part of the energy bill for the successive month after receipt of JMR/State Energy Accounts (SEA), as applicable.*
c. *No back-down / curtailment to be ordered without giving formal/ written instruction for the same by SLDC.*
d. *The details of back-down / curtailment, including justifications for such curtailment, to be made public by the concerned Load Dispatch Centre.*

3.4.3 *For claiming compensation, the generator must sell their power in the power exchange as a price taker. Thus, the compensation would be limited to the difference of the actual generation upto the declared capacity subject to a*

maximum upto the contracted capacity and the quantum of power scheduled by the procurer.

V. ***Article 4.1.7 Part Commissioning:*** *Part commissioning of the Project shall be accepted at a PPA tariff, without prejudice to the imposition of penalty, in terms of the PPA on the part which is not commissioned. However, the SCOD (Schedule Commercial Operation Date) will not get altered due to part-commissioning. Irrespective of dates of part commissioning or full commissioning, the PPA will remain in force for a period of 25 (twenty-five) years from the COD.*

VI. ***Article 4.1.9 Penalty for Delay in Commissioning:*** *The Project shall be commissioned by the SPD upto SCOD. In case of failure to achieve this milestone, except due to reasons specified under Article 3.3 (i), HPPC shall encash the Performance Guarantee (PG) in the following manner.*

a) Delay upto six (6) months from SCOD: HPPC will encash total Performance Guarantee on per day basis and proportionate to the balance Capacity not commissioned.

b) In case the commissioning of the project is delayed beyond Six (6) months from SCOD, the SPD's Event of Default as per Article 10.2.1 shall be considered to have occurred and the contracted capacity shall stand reduced to the project capacity commissioned up to SCOD plus 6 (six) months. The PPA for balance capacity not commissioned shall be terminated and HPPC will forfeit the PG corresponding to the capacity not commissioned by SPD.

The SPD acknowledges that the amount of Liquidated Damages fixed is genuine and reasonable pre-estimate of the damages that may be suffered by HPPC, as specified under this Agreement. In case of delays of plant commissioning due to reasons beyond the control of the SPD, HPPC after having been satisfied with documentary evidences produced by the SPD for the purpose, can extend the time for commissioning date without any financial implications to the SPD."

VII. **Article 5: Tariff**

5.1 *HPPC shall pay a fixed tariff of Rs /kWh, as discovered under the Competitive Bidding (followed by e-reverse auction) and as agreed by the Parties, for the entire term of this agreement, from the Commercial Operation Date for the energy supplied at the Metering Point, subject to Article 3.1.2 (iii) and 4.1.8.*

5.2 *In cases of early part-commissioning of the project prior to SCOD, HPPC shall reserve the right to purchase the generation at the PPA tariff till SCOD. However, in case the entire capacity is commissioned prior to SCOD, HPPC may purchase the generation at PPA Tariff. SPD will not be entitled to sell energy generated prior to SCOD or excess energy during any Contract Year to any other entity without offering such quantum to HPPC. HPPC shall have the right to purchase such quantum of excess energy at the Tariff as per Article 3.1.2 (iii) and 4.1.8.*

5.3 *In case of delay in commissioning of the Project or part thereof beyond SCOD, the provisions as per Article 4.1.9 shall be applicable.*

2.14. That the approval for procurement of 495MW solar power at the tariff ranging from Rs. 2.86 per kWh to Rs. 2.97kWh discovered through the e-Reverse Auction by this Hon'ble Commission shall be fully consistent with the terms and conditions of the tender, the provisions and objectives of the Electricity Act, 2003 as provided in the Preamble, Section 61(h) and Section 86 of the Electricity Act, 2003, the National Electricity Policy and National Tariff Policy notified by the Central Government under Section 3 of the Electricity Act, 2003 as well as the policies of the Government of Haryana. The relevant extracts from the above-mentioned provisions are reproduced hereunder:

a) The Preamble of the Electricity Act, 2003 reads as under:

"An Act to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and generally for taking measures conducive to development of electricity industry, promoting competition therein, protecting interest of consumers and supply of electricity to all areas, ***rationalization of electricity tariff , ensuring transparent policies regarding subsidies, promotion of efficient and environmentally benign policies,*** *constitution of Central Electricity Authority, Regulatory Commissions and establishment of Appellate Tribunal and for matters connected therewith or incidental thereto."*

(Emphasis Supplied)

b) Section 86 (1) (e) of the Electricity Act, 2003 dealing with the functions of the State Commission provide as under:

*"**Section 86. (Functions of State Commission): ---** (1) The State Commission shall discharge the following functions, namely: -*

.....

(e) promote co-generation and generation of electricity from renewable sources of energy by providing suitable measures for connectivity with the grid and sale of electricity to any person, and also specify, f or purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of o distribution licensee;"

c) Section 86 (4) of the Electricity Act, 2003 read as under:

"(4) In discharge of its functions, the State Commission shall be guided by the National Electricity Policy, National Electricity Plan and tariff policy published under section 3."

d) The National Electricity Policy, 2005 notified by Government of India on 12.02.7005, inter-alia reading as under:

*"**5.12 COGENERATION AND NON-CONVENTIONAL ENERGY SOURCES***

5.12.1 Non-conventional sources of energy being the most environment friendly there is an urgent need to promote generation of electricity based on such sources of energy. For this purpose, efforts need to be made to reduce the capital cost of projects based on non-conventional and renewable sources of energy. Cost of energy con also be reduced by promoting competition within such projects. At the same time, adequate promotional measures would also have to be taken for development of technologies and a sustained growth of these sources.

5.12.2 The Electricity Act 2003 provides that cogeneration and generation of electricity from nonconventional sources would be promoted by the SERCs by providing suitable measures for connectivity with grid and sale of electricity to any person and also by specifying, for purchase of electricity from such sources, a percentage of the total consumption of electricity in the area of a distribution licensee. Such percentage for purchase of power from non-conventional sources should be made applicable for the tariffs to be determined by the SERCs at the earliest. Progressively the share of electricity from non-conventional sources would need to be increased as prescribed by State Electricity Regulatory Commissions. Such purchase by distribution companies shall be through competitive bidding process. Considering the fact that it will take some time before non-conventional technologies compete, in terms of cost, with conventional sources, the Commission may determine on appropriate differential in prices to promote these technologies."

e) On 28.01.2016, the Central Government notified the National Tariff Policy, 2016 in exercise of the powers under section 3 of the Electricity Act, 2003. The National Tariff Policy, 2016 provides as under:

"1.0 INTRODUCTION

1.1 In compliance with section 3 of the Electricity Act 2003, the Central Government notified the Tariff Policy on 6th January, 2006. Further amendments to the Tariff Policy were notified on 31st March, 2008, 20th January, 2011 and 8th July, 2011. In exercise of powers conferred under section 3(3) of Electricity Act, 2003, the Central Government hereby notifies the revised Tariff Policy to be effective from the date of publication of this resolution in the Gazette of India.

6.4 Renewable sources of energy generation including Co-generation from renewable energy sources:

(1) Pursuant to provisions of section 86(1)(e) of the Act, the Appropriate Commission shall fix a minimum percentage of the total consumption of electricity in the area of a distribution licensee for purchase of energy from renewable energy sources, taking into account availability of such resources and its impact on retail tariffs. Cost of purchase of renewable energy shall be taken into account while determining tariff by SERCs. Long term growth trajectory of Renewable Purchase Obligations (RPOs) will be prescribed by the Ministry of Power in consultation with MNRE.

(2) States shall endeavor to procure power from renewable energy sources through competitive bidding to keep the tariff low, except from the waste to energy plants. Procurement of power by Distribution Licensee from renewable energy sources from projects above the notified capacity, shall be done through competitive bidding process, from the dote to be notified by the Central Government.

However, till such notification, any such procurement of power from renewable energy sources projects, may be done under Section 62 of the Electricity Act, 2003. While determining the tariff from such sources, the Appropriate Commission shall take into account the solar radiation and wind intensity which may differ from area to area to ensure that the benefits ore passed on to the consumers.

.....

(5) In order to promote renewable energy sources, any generating company proposing to establish a coal lignite based thermal generating station after specified date shall be required to establish such renewable energy generating capacity or

procure and supply renewable energy equivalent to such capacity, as may be prescribed by the Central Government from time to time after due consultation with stakeholders. The renewable energy produced by each generator may be bundled with its thermal generation for the purpose of sole. In case an obligated entity procures this renewable power, then the SERCs will consider the obligated entity to have met the Renewable Purchase Obligation (RPO) to the extent of power bought from such renewable energy generating stations.

.....

Provided also that scheduling and dispatch of such conventional and renewable generating plants shall be done separately.

(6) In order to further encourage renewable sources of energy, no inter-State transmission charges and losses may be levied till such period as may be notified by the Central Government on transmission of the electricity generated from solar and wind sources of energy through the inter-state transmission system for sale.

(7) Appropriate Commission may provide regulatory framework to facilitate generation and sole of electricity from renewable energy sources particularly from roof-top solar system by any entity including local authority, Panchayat institution, user institution, cooperative society, Non-Governmental Organization, franchisee or by Renewable Energy Service Company. The Appropriate Government may also provide complementary policy support for this purpose."

2.15. That as per the Draft Solar Policy, 2023 issued by Government of Haryana, 6 GW of solar power installations by 2030, is aimed. Development of solar projects by independent power producers is being actively encouraged. There are clear directives of the Government to make efforts to boost the contribution of solar energy in Haryana's power mix, foster involvement from the private sector, incorporate new technologies, and promote the integration of solar power in the agricultural sector. In view of the same, the approval of setting up of solar plants in the State are pertinent to further the economic growth and to achieve the targets set up by the State Government.

2.16. The solar generation within the State will also reduce the distribution losses as these solar power plants shall be sourced to the nearest load centre/distribution system through the interconnection point at STU/Discoms substation. Additionally, the State shall also be eligible to the 50% share of GST of the total project cost. There are also

associated environmental benefits (less pollution), social benefits (local employment opportunities) and investment inflows with setting up of solar plants in the State.

2.17. That the selection of bidders against RfS No. 123/HPPC/Solar/LTP-III/500MW/T-2 dated 11.09.2025 has been carried out in a transparent and fair manner strictly in accordance with the provisions of the RfS and the Standard Bidding Guidelines. The tariff discovered through the competitive bidding and e-RA process is reasonable and market-driven, ensuring procurement of solar power at economical rates. The selection has been made in the larger interest of the State and consumers, as it promotes renewable energy while securing cost-effective power.

2.18. The establishment of solar plants is essential to meet the directives of the Government of Haryana and as such, the approval of solar power as sought in instant petition, is in larger interest of the State.

2.19. That the Petitioner–HPPC is continuously striving to ensure a reliable, economical and sustainable power supply for the State of Haryana. In view of the increasing power demand and the necessity to augment renewable energy capacity within the State, the Petitioner is seeking the kind indulgence of this Hon'ble Commission to grant source approval along with approval of the Power Purchase Agreements (PPAs) and adoption of the tariffs discovered through the tariff based competitive bidding process followed by e-Reverse Auction for procurement of 495 MW solar power from 7 no. said solar power developers at the discovered tariffs, ranging from Rs. 2.86 per kWh to Rs. 2.97kWh. It is further prayed that approval be accorded for execution of PPAs with the successful bidders in terms of RfS No. 123/HPPC/Solar/LTP-III/500MW/T-2 dated 11.09.2025, so as to enable timely procurement of clean and affordable solar power in compliance with the applicable regulatory framework and in the larger interest of the State and its consumers.

2.20. That the following prayers have been made:-

a) Admit the instant Petition;

b) Grant approval of source and approval for execution of Power Purchase Agreements (PPAs) (as attached) for procurement of 495 MW solar power from the seven no. solar power developers at a tariff ranging from Rs. 2.86 per kWh to Rs. 2.97kWh discovered through tariff based competitive bidding followed by e-Reverse Auction under RfS No. 123/HPPC/Solar/LTP-III/500MW/T-2 dated 11.09.2025, by setting up of Grid Connected Solar PV Power Projects within the State of Haryana, in accordance with the Guidelines for tariff based competitive

bidding process for procurement of power from Grid Connected Solar PV Power Projects issued by MNRE/Ministry of Power, Government of India, as amended from time to time, for a period of 25 years;

c) Adopt the tariffs discovered through competitive bidding followed by e-Reverse Auction, ranging from Rs. 2.86 per kWh to Rs. 2.97kWh, under Section 63 of the Electricity Act, 2003, for procurement of solar power from the aforesaid 7 no. solar power developers.

d) Pass any such further order(s) or direction(s) that this Hon'ble Commission may deem fit and necessary in the facts and circumstances of the case.

Proceedings in the Case

3. The case was initially heard on 17.03.2026, in the court room of the Commission, wherein the petitioner (HPPC) mainly reiterated the contents of its petition, which for the sake of brevity are not being reproduced here. Upon hearing the petitioner, the Commission observed that India is facing a critical solar intermittency problem as its rapid solar expansion is reaching over 130 GW which has outpaced grid infrastructure, resulting in significant "curtailment," where clean energy is wasted because the grid cannot absorb it. Further, the proposed proposal to procure power does not address the core problem area in the State of Haryana i.e. to address the peaking demand as there is a gap of 3000 MW between maximum and minimum demand. Therefore, the Commission, vide its interim order dated 18.03.2026, had directed HPPC to provide the following information/documents :-

a) Solar hours rates prevailing in the power exchanges during FY 2024-25 and FY 2025-26.

b) The quantum as well rate at which power was sold in power exchange (s) during solar hours by HPPC, in last two years.

c) Concrete plan to address the intermittency of solar power and to address the deficit of peaking power.

d) Rates of FDRE power with hours of peaking power being offered.

e) ISTS charges for procuring power from other states, considering the waivers schemes, if any.

4. HPPC has filed its reply under affidavit dated 07.05.2026. HPPC has submitted as under:-

4.1. **Solar hour rates prevailing in the power exchanges during FY 2024-25 and FY 2025-26**

The average rates prevailing in the Indian Energy Exchange (IEX) during solar hours for FY 2024-25 and FY 2025-26 across Day Ahead Market (DAM), Real Time Market (RTM) and Green Day Ahead Market (GDAM) are tabulated below:-

	Average Rate (Rs/kWh) in IEX during Solar Hours						
Month	**Solar Hours**	**FY 2024-25**			**FY 2025-26**		
		DAM	**RTM**	**GDAM**	**DAM**	**RTM**	**GDAM**
April	7:00hrs to 18:00hrs	3.30	3.29	3.43	2.52	2.66	2.96
May		3.23	3.35	3.26	1.99	2.26	2.55
June		3.14	3.40	3.18	1.94	2.40	2.28
July		2.89	2.87	3.02	2.39	2.55	2.72
August		2.58	2.34	2.77	2.12	2.01	2.35
September		2.58	2.90	2.74	1.76	2.10	2.16
October		2.81	3.14	3.06	1.72	2.04	1.89
November	8:00hrs to 17:00hrs	2.61	3.16	2.61	2.00	2.49	2.28
December		3.91	4.07	3.70	3.30	3.55	3.50
January		4.53	4.47	4.50	3.36	3.47	3.50
February		3.98	3.97	3.94	2.74	2.76	2.81
March		2.93	2.86	3.12	2.29	2.11	2.70

Note:- The above rates are at regional periphery

It is submitted that the above clearly demonstrates a declining trend in solar hour market prices in FY 2025-26 as compared to FY 2024-25, due to unprecedented rainfall during FY 2025-26.

4.2. **Quantum and rate at which power was sold in power exchanges during solar hours**

The quantum and average rates at which the Petitioner sold power in power exchanges during solar hours over the last two financial years are as under:

Quantum and Rates of power sold in power exchange(s) in Solar Hours		
	FY 2024-25	**FY 2025-26**
Total Quantum (LU)	14419.31	17024.16
Rate (Rs./ unit)	3.38	2.05

4.3. **Concrete plan to address intermittency of solar power and peaking deficit**

i) That Haryana's power demand profile is characterized by pronounced diurnal variations, with sharp peaks occurring during the evening hours, whereas solar generation remains limited to daytime periods. With the steady expansion of solar capacity in the State, the issue of intermittency and the resulting mismatch between generation availability and peak demand has become increasingly significant.

ii) That in order to address the aforesaid challenges, the State has adopted a multi-pronged approach. Haryana DISCOMs has floated a tender for procurement of

power through installation of stand-alone BESS system of 250 MW /500MWh to be installed at 220 KV substations at PTPS Panipat under the Viability Gap Funding (VGF) scheme of the Ministry of Power, Government of India. Tariff has been discovered as 1.97 Lac/MW/Month and petition for approval has been filed by PD&C wing of UHBVN before HERC. HPPC is also exploring pumped hydro storage for effective energy shifting. Further, emphasis is being laid on procurement and development of hybrid and Firm Dispatchable Renewable Energy (FDRE) projects to ensure reliability and firmness of supply. On the demand side, measures such as implementation of Time-of-Day tariffs and adoption of advanced demand forecasting techniques are also being undertaken to better manage peak demand.

iii) That, in addition to the above, the State continues to rely on flexible thermal generation to meet peak requirements, supplemented by procurement of power through competitive markets and hydro imports from other regions. The aforesaid measures, taken together, constitute a balanced and evolving strategy to effectively manage renewable intermittency while ensuring a reliable, cost-effective, and sustainable power system in the State of Haryana.

4.4. **Rates of FDRE power with hours of peaking power being offered:**

i) That in the tenders floated by SJVNL under its FDRE-III scheme in the year 2025, the discovered tariff ranges from Rs.4.28/kWh to Rs.4.98/kWh, excluding the trading margin of Rs.0.07/kWh payable to SJVN Limited. A summary of the bidders in the said FDRE tender is set out hereinbelow:

S. no	Bidder/ Developer	Discovered tariff (Rs/kWh) excluding trading margin	Solar Capacity (MW)	Wind (MW)	BESS Capacity (MWh)	Capacity Available (MW)
SJVNL – FDRE III (E-RA on 15.10.2025)						
1	ReNew Solar Power Pvt. Ltd	**4.82**	100	150		100
2	EG Energy Development Private limited	**4.83**	43.625	115.5	25	60
3	Dineshchandra R Agrawal Private Limited	**4.86**	150	180	180	100
4	Serentica Renewables India Private Limited	**4.89**	193	150	500	100
5	Tata Power Renewable Energy Limited	**4.98**	110	162		88
						448

ii) That further, it is submitted that in the recent tenders floated by Solar Energy Corporation of India under its FDRE-VII scheme in the year 2026, the discovered tariff ranges from Rs.6.27/kWh to Rs.6.28/kWh, excluding the trading margin of Rs.0.07/kWh. A summary of the bidders in the said FDRE tender is set out hereinbelow:

S.n	Bidder/ Developer	Discovered tariff (Rs/kWh) excluding trading margin	Solar Capacity (MW)	BESS Capacity (MWh)	Capacity Available (MW)
SECI – FRDE VII (E-RA on 05.02.2026)					
1	Adyant Enersol Private Limited	**6.27**	60	96 MW/ 384 MWh	100
2	Serentica Renewwables India Private limited	**6.28**	150	300 MW/ 1200 MWh	600
3	AMPIN Energy Utility Nine Private Limited	**6.28**	123.2	199 MW/ 796 MWh	199
4	ACME Solar Holding Limited	**6.28**	200.67	301 MW/ 1204 MWh	301
	(4 hr assured Peak)				1200

4.5. **ISTS charges for procuring power from other States, considering applicable waiver schemes, if any:**

i) That it is submitted that, in accordance with the GNA Regulations, 2022 and 2024 of Central Electricity Regulatory Commission, the applicable ISTS transmission charges for the State of Haryana for FY 2024–25 and FY 2025–26, respectively, are as under: -

As per CERC GNA regulation 2022, the transmission charges for Haryana for FY 2024-25		
Sr.no	***Month***	***Transmission Charges per kWh***
1	*April 2024*	*0.45*
2	*May 2024*	*0.49*
3	*June 2024*	*0.48*
4	*July 2024*	*0.54*
5	*August 2024*	*0.51*
6	*September 2024*	*0.38*
7	*October 2024*	*0.55*
8	*November 2024*	*0.53*
9	*December 2024*	*0.52*
10	*January 2025*	*0.48*
11	*February 2025*	*0.52*
12	*March 2025*	*0.47*
Average transmission charges for FY 2024-25		**0.493333**
As per CERC GNA regulation 2024, the transmission charges for Haryana for FY 2025-26		
Sr.no	***Month***	***Transmission Charges per kWh***
1	*April 2025*	*0.43*
2	*May 2025*	*0.46*
3	*June 2025*	*0.41*
4	*July 2025*	*0.50*
5	*August 2025*	*0.50*
6	*September 2025*	*0.55*
7	*October 2025*	*0.50*

8	*November 2025*	*0.51*
9	*December 2025*	*0.47*
10	*January 2026*	*0.49*
11	*February 2026*	*0.49*
12	*March 2026*	*0.47*
Average transmission charges for FY 2025-26		**0.481667**

ii) That the Point of Connection (PoC) ISTS transmission losses, as determined by the National Load Despatch Centre, generally fall in the range of 3.5% to 4% on a weekly basis, which translates to approximately 15 paisa per unit to 20 paisa per unit.

4.6. That the tariff discovered under the present bidding process by HPPC is competitive, market-aligned, and economically prudent, particularly in light of the higher of prices in the power exchanges during solar hours, the comparatively higher tariffs observed in recent FDRE procurements, and the additional financial implications arising from ISTS charges and losses associated with procurement of power from other States. Further, setting of solar plant in Haryana may also develop the revenue to the state in terms of taxes & employment opportunity may also arise. Also ATC/TTC limit of Haryana will not be breached by setting up of Solar plant within Haryana.

5. The case was next heard on 14.05.2026. The Commission, vide its interim order dated 15.05.2026 directed the petitioner (HPPC) to re-negotiate with the bidders to arrive at the rate commensurate with the market conditions and file the revised proposal. In the next hearing held on 26.05.2026, HPPC sought some time to file the revised proposal.

6. In response to the interim orders dated 15.05.2026 and 27.05.2026, HPPC has filed its reply dated 01.06.2026, on 02.06.2026. HPPC has submitted as under:-

6.1. That a negotiation meeting was convened and held on 27.05.2026 under the Chairmanship of Worthy C&S Energy, Govt. of Haryana at New Haryana Civil Secretariat, Sector-17, Chandigarh, with the successful bidders. The purpose of the meeting was to undertake tariff re-negotiations and ascertain the revised tariffs that could be offered by the bidders in light of the directions made by this Hon'ble Commission. Pursuant thereto, 4 no. bidders agreed to revise their discovered tariffs and remaining 3 no. bidders express their inability to reduce their tariff. The revised tariffs offered by such bidders are reproduced in the table below for the kind consideration of this Hon'ble Commission: -

Name of Bidder	Capacity quoted by bidder (in MW)	Tariff Discovered after E-RA (Rs/kWh)	Revised Tariff by the Bidder (Rs/kWh)
Waaree Foreever Energy Pvt. Ltd.	140	2.86	2.86
ADM Solar Infra Pvt. Ltd.	10	2.95	2.86
SPS Solarmax Pvt. Ltd.	10	2.87	2.86
SAEL Industries Ltd.	200	2.88	2.86
Sindhu Farms P Ltd.	100	2.89	2.89
Ultravibrant Solar Energy Pvt. Ltd.	15	2.97	2.97
Galo Energy Pvt. Ltd.	20	2.93	2.93

6.2. That the following prayers have been made:

a. Take on record the submissions made AND

b. Pass appropriate directions, approvals and/or suitable orders with respect to approval of source, execution of Power Purchase Agreements (PPAs) and adoption of tariffs discovered through tariff-based competitive bidding followed by e-Reverse Auction under RfS No. 123/HPPC/Solar/LTP-III/500MW/T-2 dated 11.09.2025 for procurement of 500 MW solar power, as have been detailed in the Petition; AND/OR

c. Pass any other order(s) and or direction(s), which the Hon'ble Commission may deem fit and proper in the facts and circumstances of the case.

Commission's Analysis and Order

7. The Commission, in line with the basic maxim / rule of 'audiatur et altrea' which is sine qua non for ensuring transparency as enshrined in Section 86(3) and equity, heard, the arguments of the petitioner at length as well as perused the written submissions placed on record by the petitioner.

8. The petitioner has submitted that the Steering Committee for Power Planning (SCPP), in its 85th meeting held on 14.08.2025, considering the need for promotion of solar power and the associated benefit of balancing the distribution of load from peak hours to day time off peak hours, has approved to procure 500 MW of Solar Power with a minimum capacity 5 MW from any single generator to be set in the State of Haryana through tariff based competitive bidding. In compliance with the decision of SCPP, Request for Selection ('RfS') document along with Power Purchase Agreement ('PPA') were prepared based on the prevalent MoP guidelines for procurement of solar power,

by distribution licensees. While the broad framework of the RfS and PPA was aligned with the MoP guidelines, certain project-specific deviations were consciously incorporated in the draft documents in order to safeguard the interests of the procurer as well as to ensure bankability and commercial viability for the prospective developers, without compromising the principles of transparency, competitiveness and fairness in the bidding process, in line with the provisions of Section 63 of the Electricity Act, 2003.

9. The Commission has carefully examined the submissions of the petitioner, the outcome of the competitive bidding process, the prevailing market conditions and the broader requirements of power system planning in the State of Haryana. While the promotion of renewable energy remains a statutory mandate under Section 86(1)(e) of the Electricity Act, 2003, procurement of additional renewable capacity cannot be viewed in isolation and must simultaneously satisfy the principles of prudence, economy, grid security, system reliability and consumer interest.

10. The Commission takes note of the petition filed by HPPC under section 86 (1)(b) of the Electricity Act, 2003 for approval of power procurement source and under section 63 of the Act for adoption of tariff. The Commission is bound to follow the statutory duty 'to regulate' the entire gamut of electricity purchase and procurement process, so that an uninterrupted and reliable power at a reasonable rate, is made available to the electricity consumers. The relevant Section 86 (1)(b) of the Electricity Act, 2003, is reproduced hereunder:-

"regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State;"

Further, Section 63 of the Electricity Act, 2003, provides as under:-

" Notwithstanding anything contained in section 62, the Appropriate Commission shall adopt the tariff if such tariff has been determined through transparent process of bidding in accordance with the guidelines issued by the Central Government."

Thus, while Section 63 of the Electricity Act, 2003 provides a special mechanism for adoption of tariff discovered through a transparent process of competitive bidding and consequently excludes tariff determination under Section 62, it does not dilute or override the statutory powers and duties vested in the Commission under Section

86(1)(b) of the Act. The Commission remains under a statutory obligation to regulate the procurement of power by the distribution licensees, including examination of the necessity, prudence, reasonableness and consumer interest implications of the proposed procurement. Therefore, although the Commission cannot re-determine or modify a tariff discovered through a valid competitive bidding process, it is nevertheless empowered to examine whether the procurement itself merits approval in exercise of its regulatory jurisdiction under Section 86(1)(b) of the Act.

Accordingly, Section 63 overrides the tariff determination mechanism contained in Section 62, but it does not curtail the Commission's independent statutory powers of regulation and approval of power procurement vested under Section 86(1)(b) of the Electricity Act, 2003. The jurisdiction thereby conferred on the State Commission by the Electricity Act, 2003, gives it the power to "regulate" the "electricity purchase and procurement process" undertaken by the "distribution licensees" for distribution and supply within the State and approvals to be taken also covers matters "including the price at which electricity shall be procured" by the regulated entity from "the generating companies" such procurement being invariably "through agreements for purchase of power" which consequently are also subject to regulation. The power to regulate procurement process of a Distribution Licensee is wide ranging power. The provisions of Section 63 of the Act, do not override / take away the powers of this Commission under Section 86(1)(b) of the Act. In fact, there is no provision in the Electricity Act, 2003 and/or in catena of cases decided by the Courts/ Tribunal of Competent Jurisdiction in Electricity matters that overrides the powers of the Commission under Section 86(1)(b) of the Act. As it is well settled that under section 63 of the Electricity, Act, the Commission is only required to satisfy itself that the process stipulated under the competitive bidding guidelines has been followed strictly and there are no deviations as the jurisdiction of Commission cannot be expanded at a later stage**.**

Further, the present Petition is not confined merely to adoption of tariff under Section 63 of the Electricity Act, 2003. The Petitioner has also sought approval of the source and procurement of power under Section 86(1)(b) of the Act. Consequently, the Commission is required to examine not only whether the bidding process conforms to the requirements of Section 63, but also whether the proposed procurement is necessary, prudent, economical and in the overall interest of consumers. The scope of scrutiny under Section 86(1)(b) is distinct and wider, encompassing the Commission's

statutory responsibility to regulate power procurement by distribution licensees and to ensure that such procurement is aligned with demand requirements, resource adequacy considerations, grid security and consumer welfare.

Therefore, even where the conditions of Section 63 are satisfied, the Commission is not divested of its jurisdiction to independently examine the necessity and desirability of the proposed procurement while considering approval of the source under Section 86(1)(b) of the Electricity Act, 2003.

The Distribution Licensees in addition to section 86 of the Act, are also governed by the terms of distribution license granted to them by this Commission as well as the guidelines issued by the Commission on power procurement and planning. The relevant terms and guidelines are reproduced below:-

i. HERC Guidelines for Load Forecasts, Resources Plans, and Power Procurement Process for compliance by the licensees as provided in transmission and Bulk Supply Licence (Licence No. 1 of 1999) and Distribution and Retail Supply Licence (Licence No. 2 of 1999) issued on February 5, 1999

"4. Power Procurement

4.1 Procedure

4.1.1 Except as otherwise permitted by paragraphs 4.1.2, 4.1 3 and 4.1.4 the Licensee shall not enter into a power purchase agreement as purchase- or solicit offers to supply it with power until 60 days after it has notified the Commission of its proposed purchase and complied with paragraphs 4.2 and 4.3 (emphasis added).

ii. Distribution and Retail Supply License to Utter Haryana Bijli Vitran Nigam Limited (UHBVNL) (License No. DRS -1 of 2004). (b) Distribution and Retail Supply License to Dakshin Haryana Bijli Vitran Nigam Limited (DHBVNL) (License No. DRS-2 of 2004)

"21 Power Procurement Procedure

21.1 The Licensee shall in all circumstances purchase electrical capacity and/or energy in an efficient and economical manner under a transparent procurement process as approved by the Commission and following the guidelines issued by the Commission from time to time relating to preparation of load forecasts, power procurement plan and power procurement procedure.

21.2 The Licensee shall not purchase electrical capacity and/or energy without approval of the. Commission under the terms of condition 21.1 except in the case of

short-term purchases for less than 6 months at a rate not more than the bulk supply rates approved by the Commission (emphasis added).

21.3 An approval required under condition 21.2 shall be granted when the Licensee has demonstrated to the Commission's satisfaction that:

(a) electrical capacity and/or energy is necessary to meet the Licensee's service obligation in accordance with the Act and is consistent with the approved load forecast and power purchase plan

(b) the Licensee has examined the economic, technical, system and environmental aspects of commercially viable alternatives to the proposals for purchasing electrical capacity and/or energy (including arrangements for reducing the level of demand) arc such examination has been carried out- in a manner approved by the Commission."

The above statutes are self-explanatory and hence, need no elaboration.

11. A brief visit to the jurisprudence so evolved in the context of the State Electricity Regulatory Commission's power "to regulate" under section 86 of the Act has been undertaken as under:-

11.1. The Hon'ble Appellate Tribunal for Electricity (APTEL) in its judgment dated 28th January, 2021 in Appeal No. 271 of 2019 dwelt at length on the issue of the Commission's power to regulate. The Hon'ble APTEL cited the following observations of the Hon'ble Supreme Court in K.Ramanathan v. State of T.N., (1985) 2 SCC 116:1985 SCC:

"….the power to regulate carries with it full power over the thing subject to regulation and in absence of restrictive words, the power must be regarded plenary over the entire subject".

Further, the word "regulate" was interpreted by the Hon'ble Supreme Court in State of T.N. vs. Hind Stone (1981) 2 SCC 205, as to include 'prohibition' within its fold and differs according to the nature of the thing to which it is applied.

11.2. In Bharat Sanchar Nigam Limited v. Telecom Regulatory Authority of India (2014) 3 SCC 222, Hon'ble Apex Court while deliberating on the scope of the regulatory jurisdiction of the telecom regulator observed that "the term 'regulate' is elastic enough to include the power to issue directions or to make regulations. It covers not only the tariff issues but also control the conduct of the parties; if so required by issuing enforceable directives, couched even in prohibitory terms, requiring them to adjust,

restrict, manage or modify, the overall objectives to be sub-served by such regulation as defined in the law on the subject being the prime considerations.

11.3. Hon'ble Apex Court, in its judgement dated 08.01.2024, in the matter of Jaipur Vidyut Vitran Nigam Ltd. & Ors vs. MB Power (Madhya Pradesh) Limited & Ors (Civil Appeal No 6502 and 6503 of 2022, Civil Appeal No. 4612 of 2023), held as under:-

"70. We have already referred to Section 86(1)(b) of the Electricity Act, which is analogous to Section 79 of the Electricity Act. Section 79 determines the functions of Central Commission, whereas Section 86 provides for the functions of the State Commission. Section 86 of the Electricity Act empowers the State Commission to regulate electricity purchase and procurement process of distribution licensees including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreements for purchase of power for distribution and supply within the State.

71. It can thus be seen that Section 86(1)(b) of the Electricity Act gives ample power on the State Commission to regulate electricity purchase and procurement process of distribution licensees. It also empowers the State Commission to regulate the matters including the price at which electricity shall be procured from the generating companies, etc.

72. It will also be relevant to refer to the Bidding Guidelines notified by the Central Government vide Resolution dated 19th January 2005. The preamble of the Bidding Guidelines specifically states that, one of the objectives of the said Bidding Guidelines is to facilitate transparency and fairness in procurement processes and protection of consumer interests by facilitating competitive conditions in procurement of electricity.

……

75. In this background, the State Commission was justified in considering clause 5.15 of the Bidding Guidelines, which specifically permits to reject all price bids if the rates quoted are not aligned to the prevailing market prices."

(Emphasis supplied)

12. Consequently, this Commission has proceeded to examine the present petition in exercise of its powers conferred by Section 86 (1) (b) of the Electricity Act, 2003 i.e. to regulate electricity purchase and procurement process of distribution licensee including the price at which electricity shall be procured from the generating companies or licensees or from other sources through agreement for purchase of power for distribution and supply within the State.

13. The Commission has examined the material placed on record which demonstrates that Haryana is presently experiencing substantial surplus power availability during solar generation hours. The data furnished by HPPC indicates that significant quantities of surplus energy had to be liquidated in the power exchanges during daytime periods in recent years, reflecting a situation where available generation already exceeds the State's contemporaneous demand during solar hours. In particular, HPPC submitted that during FY 2025-26, it sold 17,024.16 LUs of surplus power during solar hours at an average realization of Rs. 2.05/kWh, whereas the tariff discovered through the present bidding process ranges between Rs. 2.86/kWh and Rs. 2.93/kWh. This clearly suggests that procurement of additional standalone solar power would require purchase of energy at prices significantly higher than the value at which comparable surplus energy is presently being disposed of in the market.

14. The Commission further notes that market signals during solar hours consistently reflect an oversupplied condition. As per HPPC's submissions, the average Day Ahead Market (DAM) clearing prices on the Indian Energy Exchange during solar hours in FY 2025-26 ranged between Rs. 1.72/kWh and Rs. 3.36/kWh. The Commission also takes judicial notice of instances where market prices collapsed to near-zero levels owing to excessive daytime renewable generation. On 26.05.2025, prices in the Real Time Market reportedly remained around Rs. 0/kWh between 9:00 AM and 1:00 PM. Similar trends were witnessed subsequently, with solar-hour prices falling to Rs. 0.03/kWh on 05.04.2026 and Rs. 0.01/kWh on 10.04.2026. These market outcomes are indicative of a recurring mismatch between solar generation availability and demand during daylight hours.

15. The Commission is therefore unable to ignore the economic implications of procuring additional standalone solar capacity in a system already experiencing significant daytime surplus. Such procurement, without corresponding storage capability or demand-shifting mechanisms, would not only aggravate the existing over-supply situation but may also compel the procurer to either back down generation or dispose of surplus power in the market at substantially discounted prices, ultimately imposing avoidable costs upon consumers.

16. The Commission further observes that the principal challenge presently confronting the State power system is not the availability of energy during solar hours but the increasing mismatch between daytime renewable generation and evening peak demand. The record indicates that Haryana experiences a daily variation of

approximately 3000 MW between minimum and maximum demand levels. Procurement of additional standalone solar capacity, without any corresponding storage or firming arrangement, would only augment generation during periods when power is already available in surplus and would not contribute meaningfully towards meeting the State's peak demand requirements. On the contrary, such procurement may aggravate renewable energy curtailment and increase the burden of balancing the grid.

17. In the Commission's considered view, the present circumstances warrant a transition from mere capacity addition towards resource adequacy planning that emphasizes dispatchability and temporal balancing of renewable energy. Consequently, future procurement should increasingly focus on renewable energy projects integrated with co-located Battery Energy Storage Systems (BESS) capable of shifting energy from surplus solar hours to evening peak demand periods. Such an approach would enhance grid flexibility, improve utilization of renewable generation, reduce curtailment risks and provide greater value to consumers.

18. Accordingly, the Commission finds merit in the contention that procurement of additional standalone solar capacity, in the prevailing market and system conditions, may not presently serve the larger objective of economical and efficient power procurement. Renewable energy procurement must therefore be aligned not merely with capacity targets but also with the operational realities of the grid and the long-term interests of electricity consumers in the State.

19. The Commission takes note of the petitioner's own submissions regarding its ongoing efforts to procure Battery Energy Storage Systems (BESS) and procure Firm and Dispatchable Renewable Energy (FDRE). The Commission is of the considered view that future renewable energy procurement should increasingly focus on solutions capable of supplying power during peak demand hours and providing grid flexibility. Solar projects integrated with co-located BESS is better aligned with the evolving needs of the State's power system and are capable of addressing both renewable energy integration and peak demand management requirements.

20. With regard to the contention of the Petitioner that the bidding process was conducted in a transparent, competitive and fair manner and that the discovered tariff represents the most economical outcome available under the circumstances, the Commission is unable to accept the said contention in its entirety. The record reveals that even after completion of the e-Reverse Auction process and declaration of the discovered tariffs,

certain bidders voluntarily communicated their willingness to supply power at tariffs lower than those discovered through the bidding process. The details are reproduced below:

Name of Bidder	Capacity quoted by bidder (in MW)	Tariff Discovered after E-RA (Rs/kWh)	Revised Tariff by the Bidder (Rs/kWh)
ADM Solar Infra Pvt. Ltd.	10	2.95	2.86
SPS Solarmax Pvt. Ltd.	10	2.87	2.86
SAEL Industries Ltd.	200	2.88	2.86

21. The aforesaid developments indicate that the tariffs discovered through the bidding process did not necessarily represent the lowest prices at which power could have been procured from the market. While the Commission does not suggest that the bidding process suffered from any procedural infirmity or lack of transparency, the post-bid tariff reductions offered by multiple bidders demonstrate that further tariff optimization was possible. The fact that independent bidders, including a bidder offering a substantial capacity of 200 MW, subsequently expressed willingness to supply power at a lower tariff lends credence to the view that market conditions remained conducive for procurement at rates below those finally discovered through the competitive process.

22. The Commission is conscious that post-bid tariff revisions cannot ordinarily form part of the competitive bidding framework, as acceptance of such offers may compromise the sanctity and certainty of the bidding process. Nevertheless, these subsequent offers constitute relevant market evidence for assessing whether approval of the discovered tariff would serve the larger consumer interest. The Commission, while exercising its regulatory jurisdiction under Section 86 of the Electricity Act, 2003, is not confined merely to examining procedural compliance of the bidding process but is also required to satisfy itself that the proposed procurement is economical, reasonable and aligned with consumer welfare.

23. Viewed in conjunction with the prevailing surplus power situation, the low market prices during solar hours, and the subsequent tariff reductions offered by participating bidders, the Commission is not persuaded that approval of procurement at the discovered tariffs would be the most prudent course of action. These post-bid developments reinforce the Commission's conclusion that the market presently

possesses adequate supply and that procurement of additional standalone solar power at the discovered tariffs may not result in optimal value for consumers.

24. **In view of the foregoing analysis, the Commission is unable to satisfy itself that procurement of 495 MW of standalone solar power, as proposed in the present petition, is presently required in the larger interest of consumers or the power system. Accordingly, the prayers seeking source approval, approval of the Power Purchase Agreements and adoption of tariff for procurement of 495 MW standalone solar power are rejected. However, this order shall not preclude the petitioner from initiating an appropriate procurement process for solar power coupled with co-located Battery Energy Storage Systems (BESS) that effectively address the State's peaking requirements, grid flexibility needs and long-term resource adequacy requirements. Further, DISCOMs should focus on Demand Side Management (DSM) to flatten the load curve and to complete infrastructure augmentations (transmission and distribution transformers) to allow shifting agricultural and industrial loads to daytime hours.**

25. The present petition brought before this Commission is disposed of in terms of the above order.

This order is signed, dated and issued by the Haryana Electricity Regulatory Commission on 05.06.2026.

	-Sd/-	-Sd/-	-Sd/-
Date: 05.06.2026	**(Shiv Kumar)**	**(Mukesh Garg)**	**(Nand Lal Sharma)**
Place: Panchkula	**Member**	**Member**	**Chairman**